

February 4th, 2015

Julie Russell, Director

Bill Fong, Non-Classroom Based Funding Determination

Charter Schools Division

California Department of Education

1430 N Street, Suite 5401

Sacramento, CA 95814

Dear Ms. Russell:

Accompanied along with this correspondence are the 2014-15 Non-Classroom Based Funding Determination applications for Taylion San Diego Academy (TSDA) & Taylion High Desert Academy (THDA). The data contained in the Funding Determination is based on the 2013-14 year, which was the first operating year for each of the aforementioned schools. Within the context of the 2014-15 Determination Summary Worksheet, the funding calculation reveals that Taylion San Diego met the 40% requirement, but failed to meet the 80% requirement. The funding calculation reveals that Taylion High Desert failed to meet both requirements of 40% spend on certificated salaries and benefits and 80% on total instruction.

Due to the fact that TSDA and THDA's total expenditures did not meet or exceed the required thresholds, we are requesting your consideration of 100% funding based upon the mitigating circumstances as detailed below. Please note the following for each school:

Taylion San Diego Academy (TSDA) – met 40%, did not meet 80%

- Taylion San Diego's failure to meet the 80% total instructional spend requirement can be attributed to when the school received the funding for the Public Charter School Grant. It should be noted that the school included the full First Implementation Year grant amount of \$146,250 on the 2013-14 financial statements, but the grant was not received until August 2014.
- If the \$146,250 of grant revenue is removed from the Funding Determination Form, TSDA easily surpassed the 80% threshold by spending over 95% of expenditures on direct student instruction. Thus, school feels confident that had the grant money been received during the fiscal year, the school would have been able to meet their 80% requirement. The school chose to remain fiscally solvent and did not executive on the approved the grant expenditures until the funding was received.

Taylion High Desert Academy (THDA) – did not meet 40%, did not meet 80%

- Taylion High Desert's failure to meet both the 40% and 80% requirements was largely caused by the timing of the school's funding. As a first year school, THDA experienced constant enrollment growth throughout the 2013-14 fiscal year; as a result the school's P-2 ADA was significantly greater than the P-1 ADA. This outcome had a significant impact on when revenue was received.
- Between LCFF Entitlement, EPA and In Lieu Property Taxes the school received a total of \$949,752 in State Funding for 2013-14. It should be noted that a total of \$277,134 was deferred until after the close of the fiscal year. This accounts for 30% of the school's overall revenue.
- In addition, similar to Taylion San Diego, Taylion High Desert did not receive their PCSGP funding until September 2014; two months after the close of the fiscal year. Thus, THDA was waiting on \$146,250 to arrive but wanted to remain fiscally prudent and did not spend money the school had not received yet.
- In conclusion, the \$277,134 of deferred LCFF Funding and \$146,250 of deferred grant revenue significantly effected the results on the Funding Determination. If both of these revenue sources are removed, Taylion High Desert easily surpasses both the 40% and 80% requirements with 47% and 94% respectively.

The amount of funding that was received after the close of the fiscal year made it impossible for each school reach the required SB-740 thresholds without bankrupting the schools as each awaited the funds. Recognizing the potential cash shortage ahead of time, our executive director and board of directors in conjunction with our business service consultant, initiated a strict financial plan to navigate thru our first operational year.. It should be mentioned that the schools were able to remain solvent without the need to sell receivables to outside sources and ended the year without any outstanding loans.

In light of the preceding information, we are requesting the funding committee review our mitigating circumstances request and grant us consideration under the challenge of economic hardship as a first year start up in pressing times. We ask that we may be granted 100% funding for the 2015-16 school year, with the intention to resubmit a funding determination during the next fiscal year to document our school's ability to meet both of the requirements. Providing our schools with another year of 100% funding allows TSDA and THDA to continue to serve the community that so greatly needs this educational option for their children.

Sincerely,



Tim Smith

Executive Director